



STATE OF ALASKA  
DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

*Mike Dunleavy, Governor*  
*Julie Anderson, Commissioner*  
*Robert M. Pickett, Chairman*

**Regulatory Commission of Alaska**

December 4, 2020

In reply refer to: Tariff Section  
File: TA338-13  
LO #: L2000428

John Burns  
President & CEO  
Golden Valley Electric Association, Inc.  
P. O. Box 71249  
Fairbanks, AK 99707-1249

Dear Mr. Burns:

Golden Valley Electric Association, Inc. (GVEA) filed TA338-13 on October 16, 2020,<sup>1</sup> requesting approval of the Amended and Restated Special Electric Service Contract (Amended Contract) with Aurora Energy Solutions, LLC. On December 3, 2020, the Regulatory Commission of Alaska approved the Amended Contract and Tariff Sheet No. 117, filed October 16, 2020, by GVEA with TA338-13. The effective date of the tariff sheet and the contract is December 7, 2020.

Enclosed are validated copies of the approved tariff sheet and Amended Contract. Please note that the effective date has been added to the bottom right corner of the tariff sheet and each page of the Amended Contract. In addition, "TA338-13" has been added to the bottom left corner of each page of the Amended Contract.

BY DIRECTION OF THE COMMISSION

Sincerely,

REGULATORY COMMISSION OF ALASKA

*James Layne*

For

Keven K Kleweno, P.E.  
Engineering Section Manager

Enclosures

cc: Daniel Heckman

<sup>1</sup> The 45-day review period ended November 30, 2020. On November 24, 2020, Staff requested an extension of the 45-day review period until December 7, 2020. On November 24, 2020, GVEA agreed to extend the review period until December 7, 2020.

RCA No. 13 Fourth Revision Sheet No. 117  
Canceling: Third Revision Sheet No. 117

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**GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.**

**RULES AND REGULATIONS**

**APPENDIX II**

**SPECIAL CONTRACT LIST**

Contract with Fairbanks Gold Mining, Inc., titled: Agreement to Extend Transmission Facilities and for the Sale and Purchase of Electric Power.

See U-93-094(2), effective May 9, 1994

Contracts with Alyeska Pipeline Service Company titled: TAPS/8805 Power Sales Agreement Between Golden Valley Electric Association, Inc. and Alyeska Pipeline Service Company, and TAPS/8825 Agreement to Construct Electric Facilities Between Golden Valley Electric Association, Inc. and Alyeska Pipeline Service Company.

See TA163-13, effective April 6, 2006

Contract with TECK-POGO, Inc. titled: Agreement to Connect Member-Owned Transmission Facilities and for the Sale and Purchase of Electric Power between Golden Valley Electric Association, Inc., and TECK-POGO, Inc.

See U-05-092(3), effective June 16, 2006

First Amendment to Contract with Fairbanks Gold Mining, Inc., titled: First Amendment to Agreement to Extend Transmission Facilities and for the Sale and Purchase of Electric Power between Golden Valley Electric Association, Inc., and Fairbanks Gold Mining, Inc.

See TA276-13, effective March 1, 2016

Contract with Aurora Energy Solutions, LLC titled: Amended and Restated Special Electric Service Contract.

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Contract with University of Alaska Fairbanks titled: Special Electric Regulation Service Contract.

See TA316-13, effective July 13, 2018

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Tariff Advice No. TA338-13

Effective: **December 7, 2020**

Issued by: Golden Valley Electric Association, Inc.

By:

*Monica Grassi for*

John J. Burns

Title: President & CEO

PO Box 71249, Fairbanks, AK 99707-1249 • (907) 452-1151 • [www.gvea.com](http://www.gvea.com)Your Touchstone Energy® Cooperative 

## **AMENDED AND RESTATED SPECIAL ELECTRIC SERVICE CONTRACT**

THIS AMENDED AND RESTATED SPECIAL ELECTRIC SERVICE CONTRACT ("Agreement"), dated October 9, 2020, is made by and between Golden Valley Electric Association, Inc. ("GVEA") and Aurora Energy Solutions, LLC, formerly Superior Pellet Fuels, LLC, located at 1595 Westcott Drive, North Pole, AK 99705 ("AE Solutions"). This Agreement sets forth the terms and conditions under which GVEA shall provide, and AE Solutions shall pay for, electric service at its North Pole facility. GVEA and AE Solutions are each hereinafter sometimes referred to as a "Party" or together as the "Parties."

### **RECITALS**

WHEREAS, GVEA serves the Northern Interior of Alaska pursuant to the authority granted by the Regulatory Commission of Alaska ("Commission") under Certificate of Public Convenience and Necessity ("CPCN") No. 13.

WHEREAS, on June 6, 2017, the Commission approved a special contract between GVEA and Superior Pellet Fuels, LLC ("Superior Pellet").<sup>1</sup>

WHEREAS, the special contract provided for an alternative arrangement to GVEA's demand ratchet mechanism under which Superior Pellet could maximize its production and, at the same time, provide load management and peak shaving benefits to GVEA by adhering to certain operational restrictions.

WHEREAS, on June 5, 2020, AE Solutions finalized the terms of an asset purchase agreement, whereby AE Solutions acquired Superior Pellet Fuels, LLC.

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<sup>1</sup> See Commission Letter Order No. L1700222.

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WHEREAS, as a result of the acquisition, AE Solutions assumed all right and obligations of the special contract entered into between GVEA and Superior Pellet Fuels, LLC on April 14, 2017.

WHEREAS, AE Solutions has expressed to GVEA its intent for the special contract to continue, with no modifications to the terms and conditions.

WHEREAS, the Parties have agreed, consistent with Sections 3.0 and 7.3 of the Agreement, to modify the special contract to reflect the acquisition of Superior Pellet Fuels, LLC by AE Solutions, subject to approval of the Commission.

WHEREAS, AE Solutions manufactures wood pellets used in the heating of homes and businesses in Interior Alaska.

WHEREAS, AE Solutions currently receives electric service from GVEA under Schedule No. GS-2(P).

WHEREAS, the Interior is experiencing air quality concerns.

WHEREAS, pellets produced by AE Solutions can assist in the reduction in the level of particulate matter emissions producing less emissions than EPA-certified wood stoves operating with dry firewood.

WHEREAS, AE Solutions wants to produce wood pellets during the demand peak months of November through March for its bulk purchasers and is willing to incorporate operational changes to its production activities so that it can continue to produce inventory during the winter when there is demand for its bulk product without incurring the ratchet charges during peak demand months (i.e., November-March) under GVEA Schedule No. GS-2(P).

WHEREAS, shifting load from the winter months to the summer months and to off peak times during the winter serves to reduce the cost of electric service for GVEA and its Members.

WHEREAS, it is in the best interests of Interior Alaska and the Members of GVEA that the Fairbanks North Star Borough reduce its particulate emissions (PM<sub>2.5</sub>).

WHEREAS, the type wood pellets and compressed logs manufactured by AE Solutions assists in reducing particulate emissions in Interior Alaska.

WHEREAS, GVEA and AE Solutions are entering this Agreement to set forth the terms and conditions under which AE Solutions will alter and restrict its production activities so that GVEA Members are not economically disadvantaged by AE Solutions operations and sufficient wood pellet product inventory can be made available for Interior Alaska throughout the winter months.

**AGREEMENT**

WHEREFORE, the Parties hereby agree:

- 1.0 Term.** The term of this Agreement shall begin on the date of approval of this Agreement by the Commission, and shall continue until the earlier of (a) AE Solutions no longer receives electric service from GVEA; (b) AE Solutions provides notice to GVEA that the production activities of AE Solutions no longer require the terms and conditions of this Agreement to be in effect; or (c) in accordance with Paragraph 2.0 of this Agreement.
- 2.0 Termination.** This Agreement can be terminated as set forth in this Paragraph.
- 2.1 Mutual Consent** - This Agreement may be terminated by mutual consent of the Parties at any time.
- 2.2 Upon Default** - This Agreement may be terminated by either Party when the other Party defaults by failing in any material way to perform its obligations hereunder. The Party wishing to terminate the Agreement because of a default shall provide the other Party breaching the Agreement with written notice of its intent to terminate because of default including a detailed statement specifying the grounds for termination. The Party receiving notice of intent to terminate shall have thirty (30) days' after receipt of written notice within which to cure the breach before termination becomes effective.
- 2.3 Commission** - This Agreement may be terminated by the Commission.
- 2.4 Revision by Commission** - In the event the Commission revises this Agreement under Paragraph 3.0 in such a manner that a Party no longer believes it is in that Party's best interests of that Party to continue under this Agreement, the Party believing that continuing under this Agreement is not in its best interests may unilaterally terminate this Agreement.
- 3.0 Revisions by Commission.** This Agreement shall always be subject to revision(s) by the Commission under 3 AAC 48.390. Both Parties shall be given notice and an opportunity to be heard should the Commission be considering any revision to this Agreement.
- 4.0 Suspension of Ratchet.** GVEA shall suspend (i.e., waive) the ratchet charge mechanism contained in its Schedule No. GS-2(P) between the hours of 10PM and 6AM during the demand peak months of November through March when AE Solutions operates its production activities as follows:

- 4.1 Shift of Operations** – AE Solutions will use its best efforts to produce the maximum amount of pellet product that can be reasonably produced and stored during months other than the peak demand months of November through March.
- 4.2 Peak Demand Month Procedures** – AE Solutions will restrict its production activities during the peak demand months of November through March as follows:
- 4.2.1** Unless otherwise agreed, AE Solutions can use no more than 2 MW of electric demand capacity at any time.
- 4.2.2** AE Solutions shall provide notice to GVEA Dispatch of AE Solutions' intention to produce during any of the demand peak months of November through March no later than 8 AM on the day preceding the evening in which it wants to operate its production facilities including in its notice the estimated load and duration of the production activities.
- 4.2.3** GVEA Dispatch must authorize, in advance, any production activities of AE Solutions during the demand peak months of November through March.
- 4.2.4** After GVEA dispatch approves the intended production activities of AE Solutions for the following evening, AE Solutions is only authorized to operate its production activities between the hours of 10PM and 6AM to receive the suspension of the demand ratchet.

The restrictions set forth in this Paragraph 4.2 are material terms to this Agreement.

- 5.0 Tariff Provisions.** AE Solutions shall continue to take electric service under GVEA Schedule No. GS-2(P) and any later amendments and/or revisions approved by the Commission including, but not limited to, the following:

- 5.1 Monthly Demand Charge** – The applicable demand charge will be charged for each month.
- 5.2 Demand Ratchet** – The demand ratchet will be applied to all electric service taken between the hours of 6:01AM and 9:59PM during the demand peak months of November through March. The demand ratchet will not be applied for electric service taken during the months of April through October.



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**6.0** **Indemnity.** AE Solutions shall indemnify, defend, and hold harmless GVEA, its owners, members, officers, agents, and employees harmless from all claims, damages, injury, costs, attorney fees, and liability of any type whatsoever arising directly or indirectly from or in association with this Agreement.

**7.0** **General Provisions.**

**7.1** **Governing Law** – This Agreement shall be interpreted, construed, and enforced in accordance with, and otherwise governed in all respects by, the law of the State of Alaska.

**7.2** **CPCN** – Any provision of this Agreement deemed to conflict with the authority granted GVEA by the Commission under its CPCN No. 13 shall be void.

**7.3** **Modifications/Amendments** – This Agreement may only be modified and/or amended by a writing signed by both parties and authorized by the Commission under Paragraph 3.0 of this Agreement.

**7.4** **Entire Agreement** – This Agreement contains the entire understanding by and between the Parties and supersedes all prior agreements, oral or written, relating to the subject matter hereof.

**7.5** **Non-Waiver** – The failure of either Party to enforce a provision of this Agreement shall in no way constitute a waiver of that provision, or the right to enforce all provisions of this Agreement. No waiver shall be enforceable unless in writing and signed by the waiving Party.

**7.6** **Paragraph Headings** – The descriptive headings used throughout this Agreement are for the convenience and reference of the Parties. The words contained therein shall not be used to expand, and/or modify the meaning of this Agreement or to aid in the interpretation or construction of this Agreement.

**7.7** **Construction** – Both Parties have had the opportunity to consult their respective counsel of choice about the preparation and execution of this Agreement. The terms and conditions of this Agreement shall not be construed in favor of one Party or the other Party as the drafter of this Agreement.

**7.8** **Recitals** – The Recitals to this Agreement shall be incorporated and made part of this Agreement.

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IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first set forth above.

**Aurora Energy Solutions, LLC**

By [Signature]  
Its General Manager

**Golden Valley Electric Association, Inc.**

By [Signature]  
Its President & CEO

STATE OF ALASKA                    )  
  ) ss   The foregoing instrument was acknowledged before  
FOURTH JUDICIAL DISTRICT)   me this 9<sup>th</sup> day of October, 2020,  
  by Nicole E. Garcia



[Signature]  
Notary Public in and for Alaska  
My Commission Expires: 04/01/2024